

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4558-01
Bill No.: Perfected SB 1311
Subject: Taxation and Revenue - Income
Type: Original
Date: March 31, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds*	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Department of Revenue (DOR) officials state this legislation gives a taxpayer a tax credit for taxes paid in another state before the application of tax credits in that other state. This will give taxpayers with out-of-state credits a higher resident tax credit. However, DOR assumes the resident credit still cannot exceed the taxpayer's Missouri tax liability.

DOR assumes this legislation will change the form instructions for next year, which will be incorporated into the year-end changes. Personal Tax does not anticipate making any modifications to the MINITS system.

Customer Assistance does not anticipate a large impact in their offices. However, if they are wrong in this assumption they will need one Tax Collection Technician for every 15,000 calls per year on the technical assistance line, and one Tax Collection Technician for every 5,200 calls for the local field office calls.

Officials from the **Office of Administration, Budget and Planning (BAP)** assume this proposal has no impact on BAP. BAP assumes this proposal would increase the credit allowed for taxes paid to another state by no longer requiring the subtraction of tax credits taken in such state. This proposal would have an unknown negative impact on general revenue and Total State Revenues.

This proposal would result in a decrease in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (6 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Loss - General Revenue</u>			
Increase in tax credit for taxes paid to another state	\$0	(Unknown)	(Unknown)
TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (6 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal increases the credit allowed for taxes paid to another state by basing the amount of the credit on the tax liability in the foreign state prior to subtraction of any tax credits taken in such state. Current law allows the credit, but requires the subtraction of credits that were based on charitable contributions which also qualify for charitable deductions at the federal level. Consistent with the current law, the act requires a reciprocal credit in the foreign state for taxes paid in Missouri in order for the Missouri credit to be used.

The proposal has an effective date of January 1, 2005.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration
Budget and Planning

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 31, 2004